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U.S. House of Representatives
Committee on Resources
Washington, DC 20515
February 3, 2004

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Honorable Don Young
Chairman
Committee on Transportation & Infrastructure
2165 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

I want to thank you for soliciting input from other Committee Chairmen on additional ways to pay for the much needed improvements to the nation's transportation system that are proposed in H.R. 3550, the "Transportation Equity Act: A Legacy for Users" (TEA-LU). As you know, this legislation is very important to my District, and you and I share the belief that safe and efficient transportation is a key to improving the quality of life and promoting our nation's economic security into the future. We also share the belief that secure and affordable supplies of energy to fuel the transportation of the future are essential – our transportation system runs on energy.

As Chairman of the Resources Committee, I would like to offer some financial assistance to help pay for the infrastructure improvements in TEA-LU. As you know, the House has repeatedly passed legislation which would reopen for energy exploration 2,000 acres in the Arctic National Wildlife Refuge in your home State of Alaska. The Administration projects this would provide \$2.4 billion in new revenues to the federal treasury. In addition, if energy is discovered, the legacy for transportation that could be derived from any royalties would be substantial.

For example, at the mean estimate of ANWR's resource potential, royalties at today's price for ANS oil delivered to the West Coast would yield in excess of \$15 billion in royalties to the federal treasury over the life of production. Additionally, ANWR's oil is worth over \$300 billion at the mean of 10.3 billion barrels, which would result in more than \$100 billion in new federal taxes at the corporate tax rate. While it would be difficult to specifically capture the taxes generated on this new wealth for the future transportation needs of the nation, it is clear that such an enormous contribution to the overall revenues of the government would make investments in transportation infrastructure (and all looming financial obligations) more easy into the future. It is important to note that none of these revenues would be generated from an equivalent amount of foreign oil imported into the U.S., and the importation of oil has a negative impact on our balance of trade.

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ANWR's revenues are only part of the story, however. Opening ANWR would fulfill an important part of my duties as Chairman of the Resources Committee by empowering the Inupiat Eskimo people of the region who are presently blocked from pursuing oil and gas development on the traditional lands they received in settlement of their aboriginal claims with the United States. As you know, the only people who live in ANWR and know ANWR best support reopening the area. This is only just.

Moreover, I cannot overstate the tremendous contribution ANWR's oil would make towards providing America with secure and affordable energy. The Energy Information Administration now estimates that the U.S. will soon be 70% dependent on foreign oil, and 70% of the oil consumed in the country is used for transportation purposes. Soon, all of our transportation needs for oil in the U.S. will be supplied by foreign sources.

While it is difficult to determine what the price impact of ANWR oil would be on American transportation, it is clear that additional supplies will help keep prices down. For example, the Air Transport Association recently called on the U.S. government to cease injections of oil received from OCS production into the Strategic Petroleum Reserve (SPR) because it was adversely affecting the price of jet fuel, which is hurting their business. Their argument was that the storage of 100,000 barrels per day of oil into the SPR produced significant upward pressure on the price of their end product. According to EIA, ANWR production at the mean would add 1 million barrels of oil per day — 10 times as much — as the current SPR injections. If 100,000 barrels per day has a significant price impact, 1 million barrels per day will generate that much more relief for consumers struggling against the high price of energy.

For all of these reasons: revenues for transportation infrastructure and tax revenues for other government functions; increasing domestic production and lessening foreign dependence; keeping our commitments to the First Americans; and sustaining affordable supplies of energy for important transportation components like the airlines, I would urge you to consider the positive contributions that ANWR could make towards TEA-LU.

Thank you again for reaching out to request my input into possible funding sources for TEA-LU. The Committee on Resources stands ready, willing and able to provide our contribution to the future transportation and energy needs of our nation, and I eagerly await your response.

Sincerely,

A handwritten signature in black ink that reads "Richard W. Pombo". The signature is written in a cursive, flowing style.

Richard W. Pombo
Chairman